



Welcome to 2021; the year of the Ox, according to the Chinese

Being a new year, you may have made some resolutions (which may already have slipped somewhat). The resolutions we tend to discuss are normally Financial Planning focused, reminding you about some financial matters such as getting your tax return completed by the end of January and ensuring you are using your ISA and pension allowances.

They are all very important, but after the year we have just had in 2020, we would like to encourage you to think a little more broadly about what you are trying to achieve with your money. So, rather than simply just adding to your investment portfolio or managing your tax affairs, why not take a moment to consider the five points below.

Some may not relate to you or you may already be doing all that we suggest. But in our experience, as we enter a new year, now is a good time to connect with your financial planner and set out your own 'direction of travel' as it were. Like any journey, things are a lot easier if you plan the route in advance.

1) How much income do you need to retire?

Note the language here. We aren't suggesting a retirement date or an age or a total value of your assets. What you need to think about is how much income you need and

at what point you will have sufficient assets to drive that income. Therefore, try and think about how much you may need in retirement. There will probably be no mortgage payments, no children to feed and clothe, no work costs such as travel. However, whilst your day to day costs may reduce, there is a chance for more holidays, more trips out, more pastimes to pay for. There are also bigger issues such as potential Long-Term Care. Take some time and do the maths. Your adviser will be happy to help you with this and their expertise will be crucial.

2) How well is my family protected?

We all recognise how important it is to plan for the good things, but it is just as important to plan when things go wrong. We often tend to think about protection as simple life cover. A lump sum that is payable when you die. But what about the other instances? Times when you are unable to work due to serious illness or injury. Thankfully, few people get seriously ill during their working lives but when they do, it's devastating. We all think about what happens if we get a serious illness and die. But what if we get a serious illness and survive?

As with all Insurance, a balance must be sought between cost and benefit. All we encourage you to do is have a sensible conversation with your Adviser about the risks involved. The chances of you being affected may be small, but the impact can be shocking.

3) Is your Will up to date?

If you were to die without a Will, you would be said to have died “intestate”. What this means is that your estate will be distributed according to the rules of intestacy and contrary to popular belief, this does not necessarily mean the whole estate passes to your spouse. It is not only important to have a Will, but to ensure that it is kept up to date, especially with the recent changes in Inheritance Tax concerning your main residence. Finally, do you know where it is? And much more importantly, does your family?

You should also take the opportunity to consider your digital legacy. Will your executors be able to find all your online accounts? What about your online presence such as Facebook and Email? What happens to the information that is stored there?

4) Have you got a Lasting Power of Attorney (LPA)?

This is a difficult conversation to have, but in our experience, a Lasting Power of Attorney is one of the most important documents available. It allows you to choose people to act on your behalf should you later begin to lose your ability to manage your personal affairs because of physical or mental incapacity.

It takes effect, if need be, during your lifetime and is completely separate to a Will. Creating an LPA gives you the reassurance that you know who'll make decisions for you should you be unable to make them yourself. That person will be someone you know and trust to act in your best interests. Having the LPA in place saves considerable expense and time should your family later need to make decisions for you.

5) Your succession plan

Your plan doesn't just involve you. Most people recognise that there will be a legacy to be distributed upon their death. However, if we all wish to leave something when we die, why do we have to wait until we die?

Naturally, care must be taken when distributing assets whilst you are still alive, as you may have a future requirement for them, but with careful planning and support from your adviser, you can not only ensure that you provide support for your family, friends or charitable project, but you can also gain enormous pleasure from seeing the difference that you make. Finally, with advice, you may be able to mitigate an Inheritance Tax bill for your loved ones.

In conclusion

It may be that only some of these suggestions directly affect you, or you may be impressively organised and have them all up to date. Getting these financial matters dealt with means that you can relax in the knowledge that not only are your affairs in order, but you have a clear direction of travel.

Finally, can we once again take this opportunity to wish you a Happy and Healthy New Year as well as wishing you luck with any resolutions you make.

If you have any questions concerning any of these matters, please do not hesitate to contact us.

